

FIRST REGULAR SESSION

HOUSE BILL NO. 823

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES ZWEIFEL (Sponsor), QUINN (9), VILLA, MEADOWS,
NASHEED, CORCORAN, HARRIS (23), WHORTON, LeVOTA,
DONNELLY AND ROORDA (Co-sponsors).

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D. ADAM CRUMBLISS, Chief Clerk

1906L.011

AN ACT

To repeal sections 135.010 and 135.030, RSMo, and to enact in lieu thereof four new sections relating to tax credits.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 135.010 and 135.030, RSMo, are repealed and four new sections
2 enacted in lieu thereof, to be known as sections 135.010, 135.030, 135.634, and 143.126, to read
3 as follows:

135.010. As used in sections 135.010 to 135.030 the following words and terms mean:
2 (1) "Claimant", a person or persons claiming a credit under sections 135.010 to 135.030.
3 If the persons are eligible to file a joint federal income tax return and reside at the same address
4 at any time during the taxable year, then the credit may only be allowed if claimed on a combined
5 Missouri income tax return or a combined claim return reporting their combined incomes and
6 property taxes. A claimant shall not be allowed a property tax credit unless the claimant or
7 spouse has attained the age of sixty-five on or before the last day of the calendar year and the
8 claimant or spouse was a resident of Missouri for the entire year, or the claimant or spouse is a
9 veteran of any branch of the armed forces of the United States or this state who became one
10 hundred percent disabled as a result of such service, or the claimant or spouse is disabled as
11 defined in subdivision (2) of this section, and such claimant or spouse provides proof of such
12 disability in such form and manner, and at such times, as the director of revenue may require, or

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

13 if the claimant has reached the age of sixty on or before the last day of the calendar year and such
14 claimant received surviving spouse Social Security benefits during the calendar year and the
15 claimant provides proof, as required by the director of revenue, that the claimant received
16 surviving spouse Social Security benefits during the calendar year for which the credit will be
17 claimed. A claimant shall not be allowed a property tax credit if the claimant filed a valid claim
18 for a credit under section 137.106, RSMo, in the year following the year for which the property
19 tax credit is claimed. The residency requirement shall be deemed to have been fulfilled for the
20 purpose of determining the eligibility of a surviving spouse for a property tax credit if a person
21 of the age of sixty-five years or older who would have otherwise met the requirements for a
22 property tax credit dies before the last day of the calendar year. The residency requirement shall
23 also be deemed to have been fulfilled for the purpose of determining the eligibility of a claimant
24 who would have otherwise met the requirements for a property tax credit but who dies before
25 the last day of the calendar year;

26 (2) "Disabled", the inability to engage in any substantial gainful activity by reason of any
27 medically determinable physical or mental impairment which can be expected to result in death
28 or which has lasted or can be expected to last for a continuous period of not less than twelve
29 months. A claimant shall not be required to be gainfully employed prior to such disability to
30 qualify for a property tax credit;

31 (3) "Gross rent", amount paid by a claimant to a landlord for the rental, at arm's length,
32 of a homestead during the calendar year, exclusive of charges for health and personal care
33 services and food furnished as part of the rental agreement, whether or not expressly set out in
34 the rental agreement. If the director of revenue determines that the landlord and tenant have not
35 dealt at arm's length, and that the gross rent is excessive, then [he] **the director** shall determine
36 the gross rent based upon a reasonable amount of rent. Gross rent shall be deemed to be paid
37 only if actually paid prior to the date a return is filed. The director of revenue may prescribe
38 regulations requiring a return of information by a landlord receiving rent, certifying for a
39 calendar year the amount of gross rent received from a tenant claiming a property tax credit and
40 shall, by regulation, provide a method for certification by the claimant of the amount of gross
41 rent paid for any calendar year for which a claim is made. The regulations authorized by this
42 subdivision may require a landlord or a tenant or both to provide data relating to health and
43 personal care services and to food. Neither a landlord nor a tenant may be required to provide
44 data relating to utilities, furniture, home furnishings or appliances;

45 (4) "Homestead", the dwelling in Missouri owned or rented by the claimant and not to
46 exceed five acres of land surrounding it as is reasonably necessary for use of the dwelling as a
47 home. It may consist of part of a multidwelling or multipurpose building and part of the land
48 upon which it is built. "Owned" includes a vendee in possession under a land contract and one

49 or more tenants by the entireties, joint tenants, or tenants in common and includes a claimant
50 actually in possession if he was the immediate former owner of record, if a lineal descendant is
51 presently the owner of record, and if the claimant actually pays all taxes upon the property. It
52 may include a mobile home;

53 (5) "Income", Missouri adjusted gross income as defined in section 143.121, RSMo, less
54 [two] **four** thousand dollars as an exemption for the claimant's spouse residing at the same
55 address, and increased, where necessary, to reflect the following:

56 (a) Social Security, railroad retirement, and veterans payments and benefits unless the
57 claimant is a one hundred percent service-connected, disabled veteran or a spouse of a one
58 hundred percent service-connected, disabled veteran. The one hundred percent
59 service-connected disabled veteran shall not be required to list veterans payments and benefits;

60 (b) The total amount of all other public and private pensions and annuities;

61 (c) Public relief, public assistance, and unemployment benefits received in cash, other
62 than benefits received under this chapter;

63 (d) No deduction being allowed for losses not incurred in a trade or business;

64 (e) Interest on the obligations of the United States, any state, or any of their subdivisions
65 and instrumentalities;

66 (6) "Property taxes accrued", property taxes paid, exclusive of special assessments,
67 penalties, interest, and charges for service levied on a claimant's homestead in any calendar year.
68 Property taxes shall qualify for the credit only if actually paid prior to the date a return is filed.
69 The director of revenue shall require a tax receipt or other proof of property tax payment. If a
70 homestead is owned only partially by claimant, then "property taxes accrued" is that part of
71 property taxes levied on the homestead which was actually paid by the claimant. For purposes
72 of this subdivision, property taxes are "levied" when the tax roll is delivered to the director of
73 revenue for collection. If a claimant owns a homestead part of the preceding calendar year and
74 rents it or a different homestead for part of the same year, "property taxes accrued" means only
75 taxes levied on the homestead both owned and occupied by the claimant, multiplied by the
76 percentage of twelve months that such property was owned and occupied as the homestead of
77 the claimant during the year. When a claimant owns and occupies two or more different
78 homesteads in the same calendar year, property taxes accrued shall be the sum of taxes allocable
79 to those several properties occupied by the claimant as a homestead for the year. If a homestead
80 is an integral part of a larger unit such as a farm, or multipurpose or multidwelling building,
81 property taxes accrued shall be that percentage of the total property taxes accrued as the value
82 of the homestead is of the total value. For purposes of this subdivision "unit" refers to the parcel
83 of property covered by a single tax statement of which the homestead is a part;

84 (7) "Rent constituting property taxes accrued", twenty percent of the gross rent paid by
85 a claimant and spouse in the calendar year.

135.030. 1. As used in this section:

2 (1) [The term "maximum upper limit" shall, in the calendar year 1989, be the sum of
3 thirteen thousand five hundred dollars. For each calendar year through December 31, 1992, the
4 maximum upper limit shall be increased by five hundred dollars per year. For calendar years
5 after December 31, 1992, and prior to calendar year 1998, the maximum upper limit shall be the
6 sum used on December 31, 1992.] For each calendar year after December 31, 1997, **and before**
7 **calendar year 2007**, the term "maximum upper limit" shall be the sum of twenty-five thousand
8 dollars. **For the calendar year beginning on January 1, 2007, the maximum upper limit**
9 **shall be the sum of thirty thousand dollars, and for all subsequent calendar years such**
10 **limit shall be increased in one-hundred-dollar increments on the first day of January in**
11 **each year by the same percentage of increase in the Consumer Price Index for All Urban**
12 **Consumers, as published by the Bureau of Labor Statistics of the United States**
13 **Department of Labor, or its successor index;**

14 (2) [The term "minimum base" shall, in the calendar year 1989, be the sum of five
15 thousand dollars. For each succeeding calendar year through December 31, 1992, the minimum
16 base shall be increased, in one hundred-dollar increments, by the same percentage as the increase
17 in the general price level as measured by the Consumer Price Index for All Urban Consumers
18 for the United States, or its successor index, as defined and officially recorded by the United
19 States Department of Labor, or its successor agency, or five percent, whichever is greater. The
20 increase in the index shall be that as first published by the Department of Labor for the calendar
21 year immediately preceding the year in which the minimum base is calculated. For calendar
22 years after December 31, 1992, and prior to calendar year 1998, the minimum base shall be the
23 sum used on December 31, 1992.] For each calendar year after December 31, 1997, **and before**
24 **calendar year 2007**, the term "minimum base" shall be the sum of thirteen thousand dollars.
25 **For the calendar year beginning on January 1, 2007, the minimum base shall be the sum**
26 **of eighteen thousand dollars, and for all subsequent calendar years such base shall be**
27 **increased in one-hundred-dollar increments on the first day of January in each year by the**
28 **same percentage of increase in the Consumer Price Index for All Urban Consumers, as**
29 **published by the Bureau of Labor Statistics of the United States Department of Labor, or**
30 **its successor index.**

31 2. When calculating the **maximum upper limit and the** minimum base for purposes of
32 this section, whenever the increase in the Consumer Price Index used in the calculation would
33 result in a figure which is greater than one one-hundred-dollar increment but less than another
34 one-hundred-dollar increment, the director of revenue shall always round that figure off to the

35 next higher one-hundred-dollar increment when determining the table of credits under this
36 section.

37 3. If the income on a return is equal to or less than the maximum upper limit for the
38 calendar year for which the return is filed, the property tax credit shall be determined from a table
39 of credits based upon the amount by which the total property tax described in section 135.025
40 exceeds the percent of income in the following list:

41 If the income on the return is:	The percent is:
42 Not over the minimum base	0 percent with credit not
43	to exceed actual property
44	tax or rent equivalent
45	paid up to \$750
46 Over the minimum base but	[1/16] 1/32 percent
47 not over the maximum upper	accumulative
48 limit	per \$300 from 0 percent
49	to 4 percent.

50
51 The director of revenue shall prescribe a table based upon the preceding sentences. The property
52 tax shall be in increments of twenty-five dollars and the income in increments of three hundred
53 dollars. The credit shall be the amount rounded to the nearest whole dollar computed on the
54 basis of the property tax and income at the midpoints of each increment. As used in this
55 subsection, the term "accumulative" means an increase by continuous or repeated application of
56 the percent to the income increment at each three hundred dollar level.

57 4. Notwithstanding [the provision of] subsection 4 of section 32.057, RSMo, the
58 department of revenue or any duly authorized employee or agent shall determine whether any
59 taxpayer filing a report or return with the department of revenue who has not applied for the
60 credit allowed pursuant to section 135.020 may qualify for the credit, and shall notify any
61 qualified claimant of [his or her] **the claimant's** potential eligibility, where the department
62 determines such potential eligibility exists.

135.634. 1. As used in this section, the following terms mean:

2 (1) "Tax credit", a credit against the tax otherwise due under chapter 143, RSMo,
3 excluding withholding tax imposed by sections 143.191 to 143.265, RSMo;

4 (2) "Taxpayer", any individual subject to the tax imposed in chapter 143, RSMo,
5 excluding withholding tax imposed by sections 143.191 to 143.265, RSMo, and who is
6 eligible for the federal earned income credit.

7 2. For all taxable years beginning on or after January 1, 2007, a taxpayer shall be
8 allowed a tax credit for income earned by the taxpayer. The tax credit amount shall be

9 equal to twenty percent of the amount of any federal earned income credit claimed by the
10 taxpayer in the tax year for which the tax credit is claimed. The amount of the tax credit
11 issued shall not exceed the amount of the taxpayer's state tax liability for the tax year for
12 which the credit is claimed. No amount of credit that the taxpayer is prohibited by this
13 section from claiming in a tax year shall be refundable, nor shall any tax credit granted
14 under this section be transferred, sold, or assigned.

15 3. The department of revenue may promulgate rules to implement the provisions
16 of this section. Any rule or portion of a rule, as that term is defined in section 536.010,
17 RSMo, that is created under the authority delegated in this section shall become effective
18 only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and,
19 if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are
20 nonseverable and if any of the powers vested with the general assembly pursuant to
21 chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule
22 are subsequently held unconstitutional, then the grant of rulemaking authority and any
23 rule proposed or adopted after August 28, 2007, shall be invalid and void.

24 4. Under section 23.253, RSMo, of the Missouri Sunset Act:

25 (1) The provisions of the new program authorized under this section shall
26 automatically sunset on December thirty-first six years after the effective date of this
27 section unless reauthorized by an act of the general assembly; and

28 (2) If such program is reauthorized, the program authorized under this section
29 shall automatically sunset on December thirty-first twelve years after the effective date of
30 the reauthorization of this section; and

31 (3) This section shall terminate on September first of the calendar year immediately
32 following the calendar year in which the program authorized under this section is sunset.

143.126. 1. As used in this section, "taxpayer" means any resident individual who
2 is sixty-five years of age or older and whose Missouri adjusted gross income is either:

3 (1) Forty thousand dollars or less if the taxpayer's filing status is single, head of
4 household, or married filing separately; or

5 (2) Fifty thousand dollars or less if the taxpayer's filing status is married filing
6 combined.

7 2. For all taxable years beginning on or after January 1, 2007, any taxpayer shall
8 be allowed to subtract from the taxpayer's Missouri adjusted gross income to determine
9 Missouri taxable income an amount equal to the amount of any Social Security benefits or
10 Social Security disability benefits received by the taxpayer and that are included in federal
11 adjusted gross income under Section 86 of the Internal Revenue Code of 1986, as amended.

12 **3. The director of the department of revenue may promulgate rules to implement**
13 **the provisions of this section. Any rule or portion of a rule, as that term is defined in**
14 **section 536.010, RSMo, that is created under the authority delegated in this section shall**
15 **become effective only if it complies with and is subject to all of the provisions of chapter**
16 **536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536,**
17 **RSMo, are nonseverable and if any of the powers vested with the general assembly**
18 **pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and**
19 **annul a rule are subsequently held unconstitutional, then the grant of rulemaking**
20 **authority and any rule proposed or adopted after August 28, 2007, shall be invalid and**
21 **void.**

22 **4. Under section 23.253, RSMo, of the Missouri sunset act:**

23 **(1) The provisions of the new program authorized under this section shall**
24 **automatically sunset six years after the effective date of this section unless reauthorized by**
25 **an act of the general assembly; and**

26 **(2) If such program is reauthorized, the program authorized under this section**
27 **shall automatically sunset twelve years after the effective date of the reauthorization of this**
28 **section; and**

29 **(3) This section shall terminate on December thirty-first of the calendar year**
30 **immediately following the calendar year in which the program authorized under this**
31 **section is sunset.**

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